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2008 JAN 18 P 12:36

FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

AUDIT REFERRAL: 07-08
DATE REFERRED: October 26, 2007
DATE ACTIVATED: October 31, 2007

EXPIRATION OF SOL: March 29, 2009

SOURCE:

INTERNALLY GENERATED

RESPONDENT:

Craig Romero for Congress, Inc. and Jeff
Landry in his official capacity as treasurer.

RELEVANT STATUTES:

2 U.S.C. § 441a
2 U.S.C. § 441b
11 C.F.R. § 103.3(b)
11 C.F.R. § 110.1(b)
11 C.F.R. § 110.1(k)

INTERNAL REPORTS CHECKED:

Audit Documents
Disclosure Reports

FEDERAL AGENCIES CHECKED:

None

I. INTRODUCTION

This matter was generated by a Commission audit pursuant to 2 U.S.C. § 438(b) of Craig Romero for Congress, Inc. ("the Committee") covering the period of March 22, 2004 through December 21, 2004. The Commission approved the Final Audit Report of the Committee on October 3, 2007, and on October 23, 2007, the Audit Division referred Findings 1 and 2 of the Report to the Office of the General Counsel for enforcement. Based on the information set forth in the Final Audit Report, we recommend that the Commission make reason to believe findings as follows:

- The Committee violated 2 U.S.C. § 441b(a) by knowingly accepting contributions prohibited by 2 U.S.C. § 441b. See Attachment 1 at 7-8.

AR 07-08
First General Counsel's Report

- The Committee violated 2 U.S.C. § 441a(f) by knowingly accepting contributions exceeding the limits set forth in 2 U.S.C. § 441a(a). See Attachment 1 at 9-12.

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AR 07-08
First General Counsel's Report

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AR 07-08
First General Counsel's Report

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III. RECOMMENDATIONS

1. Open a MUR in AR 07-08;
2. Find reason to believe that Craig Romero for Congress, Inc. and Jeff Landry, in his official capacity as treasurer, violated 2 U.S.C. § 441b(a);
3. Find reason to believe that Craig Romero for Congress, Inc. and Jeff Landry, in his official capacity as treasurer, violated 2 U.S.C. § 441a(f);
4. Approve as Factual and Legal Analyses the Report of the Audit Division on Craig Romero for Congress, Inc., dated October 23, 2007;
5.
6.

AR 07-08

First General Counsel's Report

7. Approve the appropriate letters.

Thomasenia P. Duncan
General Counsel

Kathleen M. Guith
Acting Associate General
Counsel for Enforcement

Date

1/18/08

BY:


Julia K. McConnell
Assistant General Counsel


William A. Powers
Attorney

Attachments:

1. Final Report of the Audit Division on Craig Romero for Congress, Inc.



Report of the Audit Division on Craig Romero for Congress, Inc. March 22, 2004 - December 31, 2004

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Campaign (p. 2)

Craig Romero for Congress, Inc. (CRC) is the principal campaign committee for Craig Romero, Republican candidate for the U.S. House of Representatives from the state of Louisiana, 3rd District and is headquartered in Baton Rouge, Louisiana. For more information, see the chart on Campaign Organization, p. 2.

Financial Activity (p. 2)

- **Receipts**
 - Individuals \$ 946,854
 - Other Political Committees 15,743
 - Loan from Candidate 70,000
 - Other Receipts 2,350
 - **Total Receipts** \$ 1,034,947
- **Disbursements**
 - Operating Expenditures \$ 912,224
 - Refund of Contributions 69,606
 - Loan Repayments 45,000
 - **Total Disbursements** \$ 1,026,830

Findings and Recommendations (p. 3)

- Receipt of Prohibited Contributions (Finding 1)
- Receipt of Excessive Contributions (Finding 2)
- Failure to Maintain Receipt Documentation (Finding 3)
- Failure to Disclose Occupation and Name of Employer (Finding 4)
- Failure to Disclose Disbursement Information (Finding 5)

¹ 2 U.S.C. §438(b).

Table of Contents

	Page
Part I. Background	
Authority for Audit	1
Scope of Audit	1
Part II. Overview of Campaign	
Campaign Organization	2
Overview of Financial Activity	2
Part III. Summaries	
Findings and Recommendations	3
Part IV. Findings and Recommendations	
Finding 1. Receipt of Prohibited Contributions	5
Finding 2. Receipt of Excessive Contributions	7
Finding 3. Failure to Maintain Receipt Documentation	10
Finding 4. Failure to Disclose Occupation and Name of Employer	11
Finding 5. Failure to Disclose Disbursement Information	13

Part I Background

Authority for Audit

This report is based on an audit of Craig Romero for Congress, Inc., undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 2 U.S.C. §438(b).

Scope of Audit

This audit examines:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
4. The disclosure of disbursements, debts and obligations.
5. The consistency between reported figures and bank records.
6. The completeness of records.
7. Other committee operations necessary to the review.

Part II

Overview of Campaign

Campaign Organization

Important Dates	Craig Romero for Congress, Inc.
• Date of Registration	April 8, 2004
• Audit Coverage	March 22, 2004 – December 31, 2004
Headquarters	Baton Rouge, LA
Bank Information	
• Bank Depositories	1
• Bank Accounts	3
Treasurer	
• Treasurer When Audit Was Conducted	Jeff Landry
• Treasurer During Period Covered by Audit	William C. Potter
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Consultants

Overview of Financial Activity (Audited Amounts)

Cash on hand @ March 23, 2004	\$ 0
o Individuals	946,834
o Other Political Committees	15,743
o Loan from Candidate	70,000
o Other Receipts	2,350
Total Receipts	\$ 1,034,947
o Operating Expenditures	912,224
o Refund of Contributions	69,606
o Loan Repayments	45,000
Total Disbursements	1,026,830
Cash on hand @ December 31, 2004	\$ 8,117

Part III

Summaries

Findings and Recommendations

Finding 1. Receipt of Prohibited Contributions

CRC received contributions from limited liability companies (LLCs) and apparent corporate entities totaling \$63,195. CRC refunded \$30,903 of the contributions, leaving \$32,292 in unresolved apparent prohibited contributions. The Audit staff recommended that CRC provide documentation demonstrating the contributions were not from prohibited sources or refund \$32,292 and provide copies of all negotiated refund checks. In response, CRC demonstrated that \$22,900 was from permissible sources and \$9,292 was refunded; leaving only \$100 unresolved. (For more detail, see p. 5)

Finding 2. Receipt of Excessive Contributions

A review of contributions from individuals revealed that CRC received \$116,208 in potential excessive contributions. Of this amount \$46,989 was refunded, however the refunds were not timely. The Audit staff recommended CRC demonstrate that the remaining contributions (\$69,219) were not excessive. Absent such evidence, the Audit staff recommended CRC send notices to the contributors informing them of the presumptive redesignation/retribution of their contributions and offer a refund of the excessive portion. If any contributors could not be located, or if any refund check was not negotiated by the contributors, it was recommended that the sum of those excessive contributions be paid to the United States Treasury. In response, CRC described the procedures implemented to ensure compliance with contribution limitations, but took none of the recommended actions. (For more detail, see p. 7)

Finding 3. Failure to Maintain Receipt Documentation

A sample review of contributions from individuals in excess of \$50 indicated that 38% either could not be associated with copies of contribution checks or lacked the necessary records. The Audit staff recommended CRC provide the missing records or any comments it may have relative to this matter. In response, CRC stated that the campaign copied and maintained 100% of contributor checks and could not understand why the auditors could not match contributions to copies of checks. (For more detail, see p. 10)

Finding 4. Failure to Disclose Occupation and Name of Employer

Contributions from individuals were reviewed on a sample basis. For itemized contributions, the review indicated that CRC failed to disclose the occupation and/or the name of the employer for 30% of the contributions. There was no documentation to indicate CRC used best efforts to obtain, maintain and submit the missing contributor information. The Audit staff recommended CRC demonstrate that best efforts were made or contact each contributor for whom the required information is missing and amend its reports to disclose any information obtained. In response, CRC filed amended reports disclosing the necessary contributor information. (For more detail, see p. 11)

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Finding 5. Failure to Disclose Disbursement Information

A sample review of operating expenditures revealed that CRC failed to disclose the vendor address for 41% of the items tested. A majority of the missing addresses were contained on vendor invoices found in CRC's files. In response, CRC filed amended reports. (For more detail, see p. 13)

Part IV

Findings and Recommendations

Finding 1. Receipt of Prohibited Contributions

Summary

CRC received contributions from limited liability companies (LLCs) and apparent corporate entities totaling \$63,193. CRC refunded \$30,903 of the contributions, leaving \$32,292 in unresolved apparent prohibited contributions. The Audit staff recommended that CRC provide documentation demonstrating the contributions were not from prohibited sources or refund \$32,292 and provide copies of all negotiated refund checks. In response, CRC demonstrated that \$22,900 was from permissible sources and \$9,292 was refunded; leaving only \$100 unresolved.

Legal Standard

A. Receipt of Prohibited Contributions – General Prohibition. Candidates and committees may not accept contributions (in the form of money, in-kind contributions or loans):

1. In the name of another; or
2. From the treasury funds of the following prohibited sources:
 - Corporations (this means any incorporated organization, including a non-stock corporation, an incorporated membership organization, and an incorporated cooperative);
 - Labor Organizations;
 - National Banks;
 - Federal Government Contractors (including partnerships, individuals, and sole proprietors who have contracts with the federal government); and
 - Foreign Nationals (including individuals who are not U.S. citizens and not lawfully admitted for permanent residence; foreign governments and foreign political parties; and groups organized under the laws of a foreign country or groups whose principal place of business is in a foreign country, as defined in 22 U.S.C. §611(b)). 2 U.S.C. §§441b, 441c, 441e, and 441f.

B. Definition of Limited Liability Company. A limited liability company (LLC) is a business entity recognized as an LLC under the laws of the state in which it was established. 11 CFR §110.1(g)(1).

C. Application of Limits and Prohibitions to LLC Contributions. A contribution from an LLC is subject to contribution limits and prohibitions, depending on several factors, as explained below:

1. **LLC as Partnership.** The contribution is considered a contribution from a partnership if the LLC chooses to be treated as a partnership under Internal Revenue Service (IRS) tax rules, or if it makes no choice at all about its tax status.

- A partnership contribution may not exceed \$2,000 per candidate, per election, and it must be attributed to each lawful partner. 11 CFR §110.1(a), (b), (e) and (g)(2).
2. **LLC as Corporation.** The contribution is considered a corporate contribution—and is barred under the Act—if the LLC chooses to be treated as a corporation under IRS rules, or if its shares are traded publicly. 11 CFR §110.1(g)(3).
 3. **LLC with Single Member.** The contribution is considered a contribution from a single individual if the LLC is a single-member LLC that has not chosen to be treated as a corporation under IRS rules. 11 CFR §110.1(g)(4).

Facts and Analysis

The Audit staff determined that CRC received \$63,195 in apparent prohibited contributions. The contributions were received from limited liability companies and corporate entities. CRC refunded \$20,403 of the prohibited contributions, although the refunds were not made timely.

Limited Liability Companies are permitted to contribute to political committees; however, it is the responsibility of the LLC to affirm eligibility. No documentation regarding the permissibility of the contributions from the LLCs was made available for review. With respect to the contributions received from the apparent corporate entities, the Audit staff verified the corporate status with the Louisiana Office of the Secretary of State. The prohibited contributions were not deposited into a separate bank account but CRC maintained sufficient funds to make the necessary refunds.

At the exit conference, the Audit staff presented CRC with a schedule of the apparent prohibited contributions. In response to their questions, the Audit staff advised CRC of the documentation required from the LLCs. Subsequent to the exit conference, CRC refunded an additional \$10,500 and provided copies of refund checks (front only).

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that CRC demonstrate that the remaining prohibited contributions, totaling \$32,292 (\$63,195 – \$20,403 – \$10,500), were not from prohibited sources. Absent such demonstration, CRC was to refund \$32,292 and provide copies of the negotiated refund checks. Additionally, it was recommended that CRC provide copies of the negotiated checks, totaling \$10,500, supporting the refunds made subsequent to the exit conference. If funds were not available to make the necessary refunds, CRC was advised to disclose the contributions requiring refund on Schedule D (Debts and Obligations) until funds become available to make such refunds.

In response to the interim audit report, CRC contacted contributors by fax, letter or telephone to determine if the contributions were from permissible sources. CRC made available copies of signed statements from representatives of the LLC's regarding source of funds. As a result of its efforts, CRC demonstrated that contributions totaling \$22,900 was from permissible sources; \$9,292 was from impermissible sources; leaving only \$100 unresolved. CRC provided copies of bank statements and negotiated refund checks supporting refunds totaling \$19,792 (\$9,292 + \$10,500).

Finding 2. Receipt of Excessive Contributions

Summary

A review of contributions from individuals revealed that CRC received \$116,208 in potential excessive contributions. Of this amount \$46,989 was refunded, however the refunds were not timely. The Audit staff recommended CRC demonstrate that the remaining contributions (\$69,219) were not excessive. Absent such evidence, the Audit staff recommended CRC send notices to the contributors informing them of the presumptive redesignation/retribution of their contributions and offer a refund of the excessive portion. If any contributors could not be located, or if any refund check was not negotiated by the contributors, it was recommended that the sum of those excessive contributions be paid to the United States Treasury. In response, CRC described the procedures implemented to ensure compliance with contribution limitations, but took none of the recommended actions.

Legal Standard

A. Authorized Committee Limits: An authorized committee may not receive more than a total of \$2,000 per election from any one person. 2 U.S.C. §441a(a)(1)(A) and 11 CFR §110.1(a) and (b).

B. Handling Contributions That Appear Excessive. If a committee receives a contribution that appears to be excessive, the committee must either:

- Return the questionable contribution to the donor; or
- Deposit the contribution and keep enough money on hand to cover all potential refunds until the legality of the contribution is established. 11 CFR §103.3(b)(3) and (4).

The excessive portion may also be redesignated to another election or reattributed to another contributor as explained below.

C. Redesignation of Excessive Contributions. The committee may ask the contributor to redesignate the excess portion of the contribution for use in another election.

- The committee must, within 60 days of receipt of the contribution, obtain and retain a signed redesignation letter which informs the contributor that a refund of the excessive portion may be requested; or
- Refund the excessive amount. 11 CFR §§110.1(b)(5), 110.1(i)(2) and 103.3(b)(3).

Notwithstanding the above, when an authorized political committee receives an excessive contribution from an individual or a non-multi-candidate committee, the committee may presumptively redesignate the excessive portion to the general election if the contribution:

- Is made before that candidate's primary election;
- Is not designated in writing for a particular election;
- Would be excessive if treated as a primary election contribution; and

- As redesignated, does not cause the contributor to exceed any other contribution limit.

Also, the committee may presumptively redesignate the excessive portion of a general election contribution back to the primary election if the amount redesignated does not exceed the committee's primary net debt position.

The committee is required to notify the contributor in writing of the redesignation within 60 days of the treasurer's receipt of the contribution and must offer the contributor the option to receive a refund instead. For this action to be valid, the committee must retain copies of the notices sent. 11 CFR §110.1(b)(5)(ii)(B) & (C) and (1)(4)(ii).

D. Reattribution of Excessive Contributions. When an authorized committee receives an excessive contribution, the committee may ask the contributor if the contribution was intended to be a joint contribution from more than one person.

- The committee must, within 60 days of receipt of the contribution, obtain and retain a reattribution letter signed by all contributors; or
- Refund the excessive contribution. 11 CFR §§110.1(k)(3), 110.1(l)(3) and 103.3(b)(3).

Notwithstanding the above, any excessive contribution that was made on a written instrument that is imprinted with the names of more than one individual may be attributed among the individuals listed unless instructed otherwise by the contributor(s). The committee must inform each contributor:

- Of how the contribution was attributed; and
- That the contributor may instead request a refund of the excessive amount. 11 CFR §110.1(k)(3)(ii)(B).

For this action to be valid, the committee must retain copies of the notices sent. 11 CFR §110.1(l)(4)(ii).

E. Contributions to candidates; designations and redesignations. A contribution shall be considered to be designated in writing for a particular election if:

- The contribution is made by check, money order or other negotiable instrument which clearly indicates the particular election with respect to which the contribution is made;
- The contribution is accompanied by writing, signed by the contributor, which clearly indicated the particular election with respect to which the contribution was made. 11 CFR §110.1(b)(4)(i) and (ii).

F. Advisory Opinion 1990-30. In the advisory opinion, the Commission stated that, "the contributor would be able to effectuate a designation by returning a preprinted form supplied by the soliciting committee that clearly states the election to which the contribution will be applied, provided that the contributor signs the form and sends it to the committee together with the contribution."

Facts and Analysis

The Audit staff determined that CRC received \$116,208 in potentially excessive contributions. All excessive contributions were received before the primary election. CRC designated the excessive portions to the general election and subsequent run-off election based on its opinion concerning the contributors' intent. It should be noted that the Candidate was not in the run-off election.

Included with each solicitation was a "fact sheet," that informed the contributor that the contribution limitation was \$2,000 per individual per election and provided the dates of the primary, general and run-off elections. The fact sheet also contained the following statement: "This will allow an individual donor to make a contribution of \$6,000 before August 6, 2004,² designating \$2,000 to each of the three election cycles." The fact sheet provided space for the required contributor information but it neither requested nor provided space for the contributor's signature. It is CRC's opinion that the fact sheet was an implicit designation by the contributor.

The Audit staff analyzed 37 fact sheets made available for the excessive contributors. The contributor's name on 12 of the fact sheets is completed in a cursive writing and printed on the remaining 25 fact sheets. When comparing the cursive writing of the contributor's name to the contributor's contribution check, it is apparent that the contributor did not complete the name section on the fact sheet. Further, based on the writing on the fact sheets it appears that the 37 fact sheets may have been completed by a limited number of individuals. If it is determined that the information contained on the fact sheet was not completed by the contributor, the contributions are not considered designated to the general and/or run-off elections; but rather excessive primary election contributions.

As previously stated CRC refunded \$46,989.³ If the excessive portion of the refunded contributions were properly designated to the run-off election by the contributors, CRC had 60 days from the date of the general election to make the refunds. Given that the refunds were made shortly after the general election they would be timely. However, if the refunded contributions were not properly designated to the run-off election by the contributor, the refunds were required to be made within 60 days of receipt of the contribution and therefore, would not be timely.

The excessive contributions were not deposited into a separate bank account but CRC maintained sufficient funds to make the necessary refunds. This matter was discussed at the exit conference. CRC was provided a schedule of the excessive contributions. CRC maintains that the contributor's intent was apparent.

² August 6th was the last day to qualify for the general election ballot in the state of Louisiana. The regulation considers this date to be the primary election date. (11 CFR §100.2(c)(4)(i))

³ The refunds represented contributions received before the primary election and designated by CRC for the run-off election. The candidate did not participate in the run-off election.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended CRC provide evidence demonstrating that the contributions were not excessive. Such evidence should include copies of any fact sheets that were not made available during the audit, and documentation that demonstrates that the contributor entered the information on the fact sheets. Absent such evidence, it was recommended that CRC send notices to the contributors informing them of the presumptive redesignation/retribution of their contributions and offer a refund of the excessive portion. For notices sent to contributors, CRC was to provide a copy of each notice and evidence that it was sent. Absent a request for a refund by the contributor, these notices would avoid the need for a refund. If any contributors could not be located, or if any refund check was not negotiated by the contributors, the sum of those excessive contributions would be paid to the United States Treasury.

In response to the interim audit report CRC stated:

"As part of the initial fundraising for CRC, procedures were established to be able to collect funds from contributors that were within the guidelines for contribution limitations on a per election cycle basis. CRC personnel used a fact sheet that alerted potential contributors of the dollar limitations by date and asked them to acknowledge this when making a contribution in excess of the \$2,000 election cycle limit. CRC maintained extra bank accounts to accommodate single check contributions in excess of \$2,000." CRC continued, "When this entire issue is looked at from beginning to end, no excessive contributions were retained by CRC. Donors were notified in advance about the limitations, they were routinely offered the fact sheet to fill out and the third cycle amounts were refunded. CRC feels that it was in basic compliance with the intent of this law."

CRC has not complied with the recommendations set forth in the interim audit report. CRC neither provided copies of fact sheets that were not available during the audit or demonstrated that the contributors completed the information on the fact sheets that were available. Absent the above, CRC could have provided copies of presumptive redesignation/retribution letters sent to each contributor.

Finding 3. Failure to Maintain Receipt Documentation

Summary

A sample review of contributions from individuals in excess of \$50 indicated that 38% either could not be associated with copies of contribution checks or lacked the necessary records. The Audit staff recommended CRC provide the missing records or any comments it may have relative to this matter. In response, CRC stated that the campaign copied and maintained 100% of contributor checks and could not understand why the auditors could not match contributions to copies of checks.

Legal Standard

A. Retention of Check Copies. For contributions in excess of \$50, committees must maintain a photocopy or digital image of the check or written instrument. 11 CFR §102.9(a)(4)

B. Preserving Documents. Committees must preserve these records for 3 years after a report is filed. 2 U.S.C. §432(d)

Facts and Analysis

A sample review of contributions from individuals in excess of \$50 indicated that 38% of the sample items could not be associated with available copies of contribution checks or other written instruments. However, CRC's check copies were not organized by deposit or in another discernable order. Further, many copies of checks received from business entities were not attached to a solicitation response device or otherwise annotated with the contributor's name. As a result some of the check copies could not be associated with a specific contributor. These unassociated checks could explain some of the records that could not be located.⁴ All of the check copies were reviewed for prohibited contributions (See Finding 1. above)

The Audit staff discussed this matter with CRC at the exit conference. CRC representatives offered to send the boxes of contributor checks to the Audit staff; however, the records contained in the boxes had been reviewed in the field.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended CRC provide the missing records or any comments it may have relative to this matter. In response to the interim audit report, CRC stated that all contributor checks were copied and maintained. CRC stated two boxes of these copies were made available for inspection at the audit site and at the campaign headquarters. Therefore, CRC is at a loss as to why the auditors could not match contributions to copies of checks.

As previously stated, many copies of checks received from business entities that were not attached to a solicitation response or otherwise annotated, could not be associated with a specific contributor. This likely explains why some sample items appear to lack the required documentation. The Audit staff accepts CRC's position that its records were materially complete.

Finding 4. Failure to Disclose Occupation and Name of Employer

Summary

Contributions from individuals were reviewed on a sample basis. For itemized contributions, the review indicated that CRC failed to disclose the occupation and/or the

⁴ Fieldwork (in the New Orleans area) was interrupted by Hurricane Katrina and completed in Washington, DC.

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name of the employer for 30% of the contributions. There was no documentation to indicate CRC used best efforts to obtain, maintain and submit the missing contributor information. The Audit staff recommended CRC demonstrate that best efforts were made or contact each contributor for whom the required information is missing and amend its reports to disclose any information obtained. In response, CRC filed amended reports disclosing the necessary contributor information.

Legal Standard

A. Required Information for Contributions from Individuals. For each itemized contribution from an individual, the committee must provide the following information:

- The contributor's full name and address (including zip code);
- The contributor's occupation and the name of his or her employer;
- The date of receipt (the date the committee received the contribution);
- The amount of the contribution; and
- The election cycle-to-date total of all contributions from the same individual. 11 CFR §§100.12 and 104.3(a)(4) and 2 U.S.C. §434(b)(3)(A).

B. Best Efforts Ensures Compliance. When the treasurer of a political committee shows that the committee used best efforts (see below) to obtain, maintain, and submit the information required by the Act, the committee's reports and records will be considered in compliance with the Act. 2 U.S.C. §432(h)(2)(I).

C. Definition of Best Efforts. The treasurer and the committee will be considered to have used "best efforts" if the committee satisfied all of the following criteria:

- All written solicitations for contributions included:
 - A clear request for the contributor's full name, mailing address, occupation, and name of employer; and
 - The statement that such reporting is required by Federal law.
- Within 30 days after the receipt of the contribution not accompanied by complete information, the treasurer made at least one effort to obtain the missing information, via either a written request or a documented oral request.
- The treasurer reported any contributor information that, although not initially provided by the contributor, was obtained in a follow-up communication or was contained in the committee's records or in prior reports that the committee filed during the same two-year election cycle. 11 CFR §104.7(b).

Facts and Analysis

A sample review of itemized contributions from individuals indicated that CRC failed to disclose the contributor's occupation and/or name of employer for 30% of the tested contributions. In some instances, the missing information was recorded on solicitation response cards contained in CRC's records. For the remaining contributions that were missing information, there was no documentation available to demonstrate that CRC used best efforts to obtain, maintain and submit the information.

This matter was discussed at the exit conference. CRC representatives had no comments.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended CRC provide documentation that it exercised best efforts to obtain, maintain and submit the required contributor information; or make an effort to contact those individuals for whom the required information was missing, provide documentation of such efforts (such as copies of letters to the contributors and/or phone logs), and file amended reports to disclose any information obtained from such efforts. In response to the interim audit report, amended reports were filed that materially corrected the missing disclosure information.

Finding 5. Failure to Disclose Disbursement Information

Summary

A sample review of operating expenditures revealed that CRC failed to disclose the vendor address for 41% of the items tested. A majority of the missing addresses were contained on vendor invoices found in CRC's files. In response, CRC filed amended reports.

Legal Standard

Reporting Operating Expenditures. When operating expenditures to the same person exceed \$200 in an election cycle, the committee must report the:

- Amount;
- Date when the expenditures were made;
- Name and address of the payee; and
- Purpose (a brief description of why the disbursement was made). 11 CFR §104.3(b)(4)(i).

Facts and Analysis

From our sample review of expenditures, the Audit staff determined that approximately 41% of the itemized disbursements did not disclose the vendor's address. However, approximately 98% of the missing addresses were contained in the vendor files.

This matter was discussed at the exit conference, CRC representatives had no comments.

Interim Audit Report Recommendation and Committee Response

In response to the interim audit report, CRC filed amended reports that materially corrected the public record.